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FAOSTAT ANALYTICAL BRIEF 34

# Foreign direct investment flows to agriculture

2010–2019

## HIGHLIGHTS

- From 2010 to 2019, global Foreign Direct Investment (FDI) inflows increased by 4.0 percent from USD 1.46 trillion to USD 1.52 trillion, and global FDI outflows fell by 16.6 percent from USD 1.4 trillion to USD 1.2 trillion.
- Over the same period, FDI inflows to agriculture\* decreased by 7.6 percent from USD 5.1 billion in 2010 to USD 4.7 billion in 2019, and FDI outflows to agriculture decreased by 92.4 percent from USD 3.2 billion in 2010 to USD 241.2 million in 2019.
- Indonesia was the top recipient of FDI inflows to agriculture from 2015 to 2019, with USD 3.1 billion per year on average. Norway was the second, with USD 940.2 million per year on average, followed by Oman with USD 816.4 million per year on average.
- China, mainland was the top country providing FDI to agriculture from 2015 to 2019, with USD 2.77 billion per year on average. India was the second, with USD 2.72 billion per year on average, followed by Norway with USD 302 million per year on average.

\* The term “agriculture” includes forestry, fishing and aquaculture, as per ISIC Rev. 4, A\_01-03.

\*\* Values are reported in 2015 constant prices.

Note: FDI data for 2020, which are available at current prices for a limited number of countries, was excluded from the global and sectoral analysis of FDI inflows and outflows at constant 2015 prices.

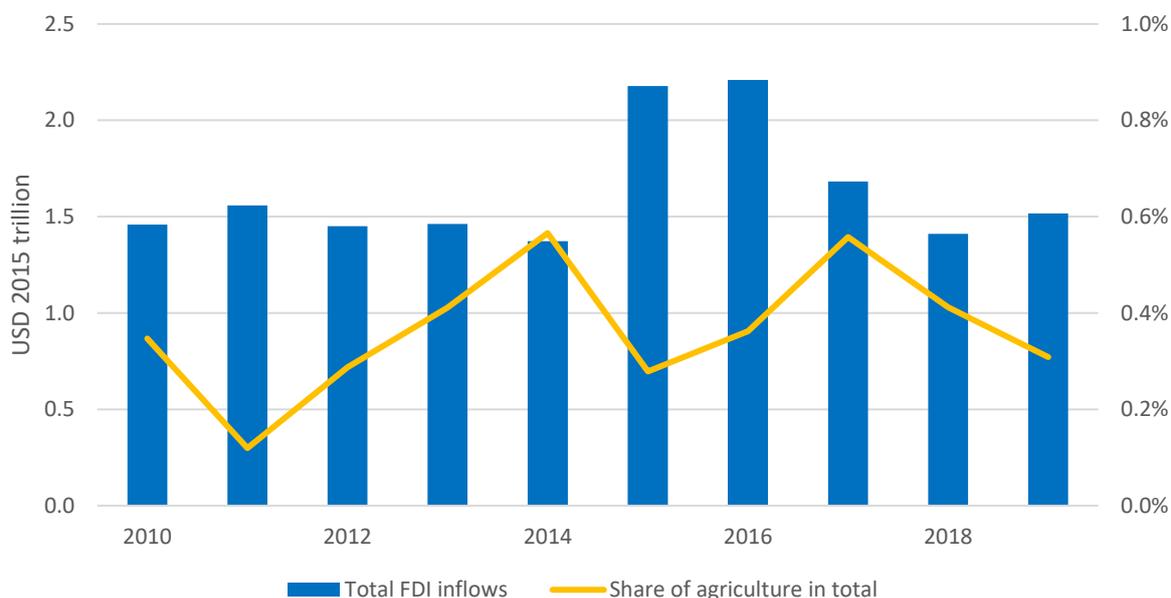
## FAOSTAT FOREIGN DIRECT INVESTMENT FLOWS TO AGRICULTURE

### GLOBAL TRENDS

From 2010 to 2019, total Foreign Direct Investments (FDI) inflows increased by 4.0 percent from USD 1.46 trillion to USD 1.52 trillion. FDIs fluctuated around USD 1.45 trillion between 2010 and 2014; they spiked in 2015 and 2016 due to a swell in cross-border mergers and acquisitions in line with the large corporate reconfigurations by multinationals (total FDI inflows soared by 61 percent between 2014 and 2016 to USD 2.2 trillion, reaching the highest level since 2010); and then stabilized around USD 1.5 trillion in 2017–2019 (Figure 1).



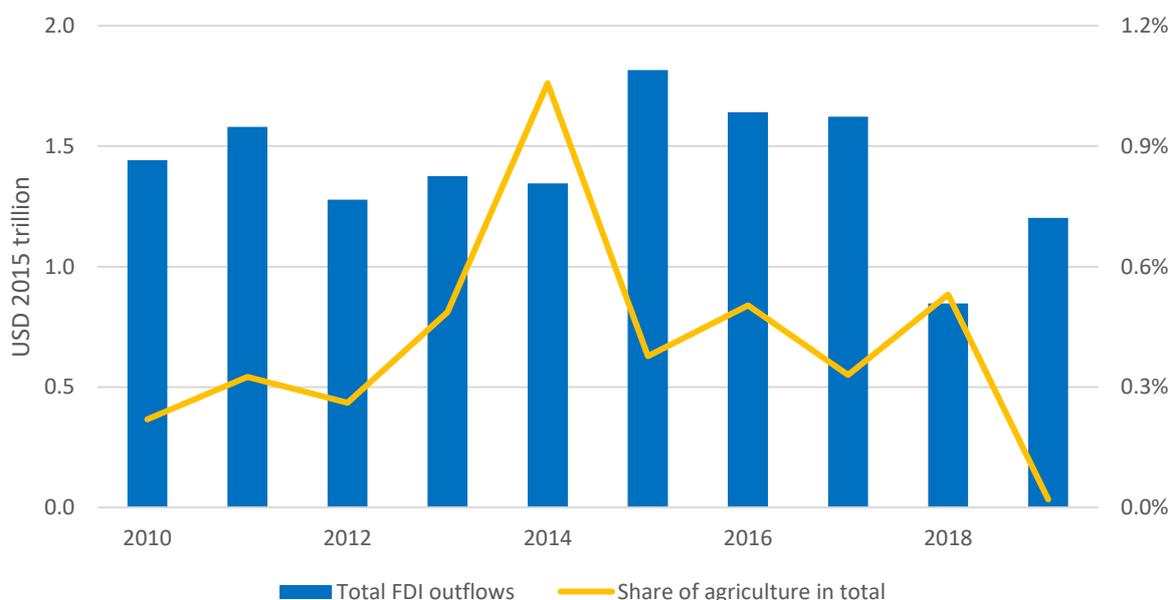
**Figure 1: Total FDI inflows and share of agriculture in total FDI inflows**



**Source:** FAO. 2022. FAOSTAT: Foreign Direct Investment (FDI). In: FAO. Rome. Cited February 2022. <https://www.fao.org/faostat/en/#data/FDI>

Between 2010 and 2019, total FDI outflows fell by 16.6 percent from USD 1.4 trillion to USD 1.2 trillion. They peaked at USD 1.8 trillion in 2015, stabilized at USD 1.6 trillion in 2016–2017 before falling to USD 0.8 trillion in 2018 and rebounding to USD 1.2 trillion in 2019 (Figure 2).

**Figure 2: Total FDI outflows and share of agriculture in total FDI outflows**



**Source:** FAO. 2022. FAOSTAT: Foreign Direct Investment (FDI). In: FAO. Rome. Cited February 2022. <https://www.fao.org/faostat/en/#data/FDI>

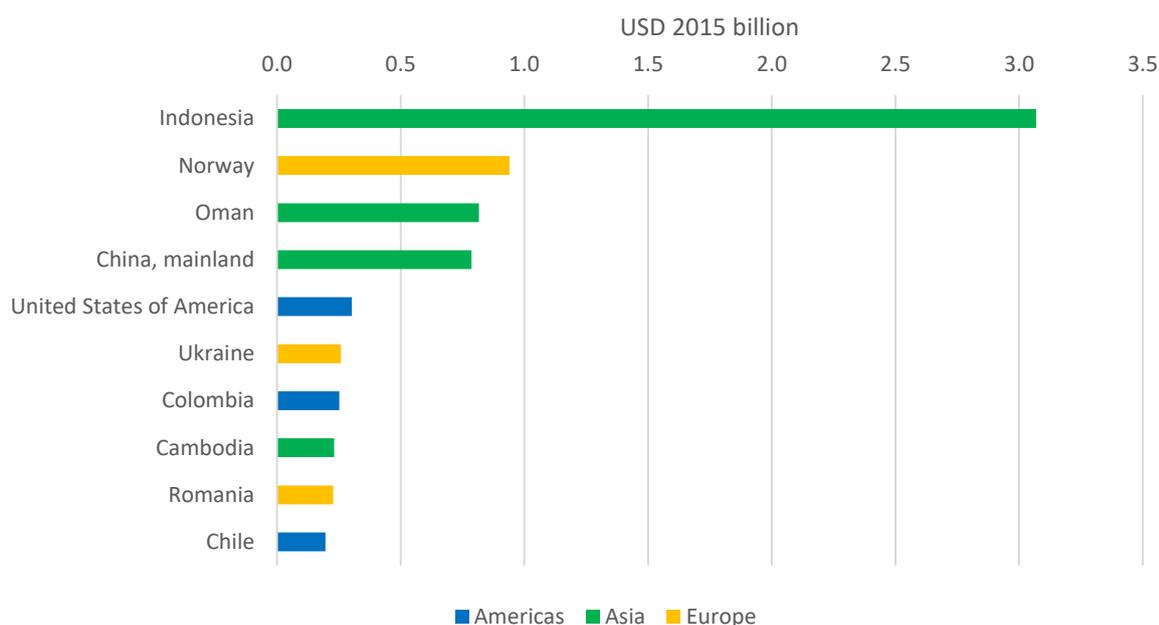
Agriculture accounts for a small share of global FDI inflows and outflows compared to other economic sectors: it represented less than 1 percent of the total FDI inflows between 2010 and 2019, and its share in total FDI outflows was also below 1 percent between 2010 and 2019, except in 2014 when it peaked at 1.1 percent.

In the agriculture sector, FDI inflows are relatively more likely to be aimed at resource control, with a focus on land (Hallam, 2009). In Africa, FDI focuses largely on rice, wheat, oil crops and floriculture production; in Asia, the focus is on rice, wheat, meat and poultry production; and in South America, the focus is on fruits, sugar cane, flower and soybean production (UNCTAD).

### TOP RECIPIENTS AND PROVIDERS OF FDI INFLOWS AND OUTFLOWS TO AGRICULTURE

Indonesia was the top recipient country of FDI inflows to agriculture from 2015 to 2019, with USD 3.1 billion per year on average. Norway was the second, with USD 940 million per year on average, followed by Oman with USD 816 million per year on average. The large amount of FDI inflows to agriculture in Indonesia can be related to the relaxation on its FDI regulations in recent years, which allowed foreign entities to own a larger stake in domestic enterprises: in the case of the palm oil production industry, foreign entities can own 95 percent of local companies (Oxford Business Group, 2019).

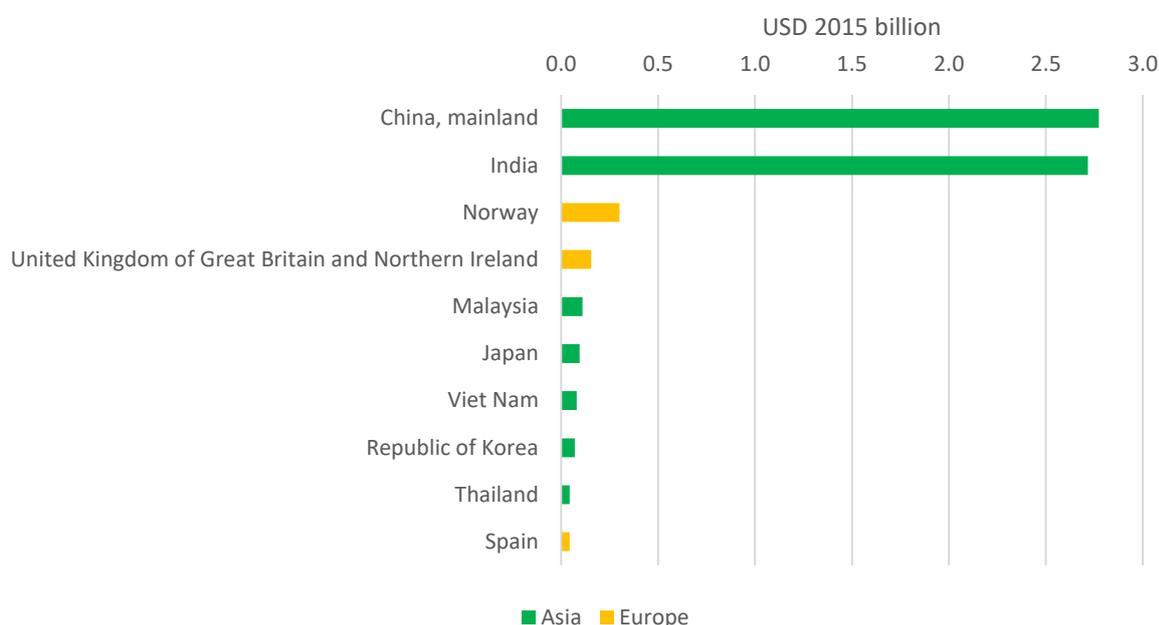
**Figure 3: Annual FDI inflows to agriculture, top 10 countries (2015–2019 average)**



**Source:** FAO. 2022. FAOSTAT: Foreign Direct Investment (FDI). In: FAO. Rome. Cited February 2022. <https://www.fao.org/faostat/en/#data/FDI>

China, mainland was the top country providing FDI outflows to agriculture from 2015 to 2019, with USD 2.77 billion per year on average. India was the second, with USD 2.72 billion per year on average, followed by Norway with USD 302 million per year on average.

Figure 4: Annual FDI outflows to agriculture, top 10 countries (2015–2019 average)



**Source:** FAO. 2022. FAOSTAT: Foreign Direct Investment (FDI). In: FAO. Rome. Cited February 2022. <https://www.fao.org/faostat/en/#data/FDI>

## EXPLANATORY NOTES

FDI is defined as an investment that aims to acquire a lasting management influence (10 percent or more of voting power) in an enterprise operating in a foreign economy (International Monetary Fund's *Balance of Payments Manual 2009, Sixth Edition*, and Organization for Economic Co-operation and Development's (OECD) *Detailed Benchmark Definition of Foreign Direct Investment 2008, Fourth Edition*). FDI creates stable and long-lasting links between economies. It can be decomposed into two types of investments: mergers and acquisitions, and greenfield investments. The latter result in the creation of new entities and setting up of offices, buildings, plants or factories in a foreign economy. FDI transactions (flows) and positions (stocks) consist of three types of financing: i) acquisition or disposal of equity capital; ii) reinvestment of earnings that are not distributed as dividends; and iii) intercompany

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